Between decentralisation and centralisation of collective bargaining: the Spanish case

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Between Decentralisation and Centralisation of Collective Bargaining. The Spanish case**

This article examines four aspects of Spanish industrial relations. It examines first the impact of labour reforms on collective bargaining in 1994 and 1997, and second, the socio-economic consequences of collective bargaining, especially as concerns the control of inflation through pay restraint. Third, it examines the changes in the articulation of the bargaining levels, and fourth, it deals with the coverage and legitimacy introduced by the current changes in collective bargaining. The conclusions of this exploration are twofold. On the one hand, legal changes imply a dual process of decentralisation and centralisation in the structure of collective bargaining. Both processes are complementary to a certain extent, but they are also independent of each other. On the other hand, legal changes have resulted in a widening and enrichment of the content of bargaining. This means introducing new clauses in collective agreements. The exchange of security of employment for flexibility in working time and the introduction of a new agenda of qualitative bargaining are the most important ones.

Spaniens Tarifsystem zwischen Dezentralisierung und Zentralisierung

Dieser Aufsatz untersucht Spaniens Tarifsystem in Bezug auf (1) die Auswirkungen der arbeitsrechtlichen Reformen auf das System, (2) dessen sozioökonomische Effekte, (3) dessen Entwicklung in der "Artikulation" der Verhandlungsebenen und (4) in dessen Deckung und Legitimität. Diese Analyse zeigt, dass die Reformen einerseits Dezentralisierungs- als auch Zentralisierungsprozesse auslösten, die sich zueinander komplementär verhalten, ohne dabei eigentlich aufeinander abgestimmt zu sein. Andererseits führten sie zu einer Ausweitung der Regelungskompetenzen des Tarifsystems vor allem in qualitativen Fragen mit dem Schwerpunkt auf Beschäftigungssicherung und Flexibilisierung.

Key words: **Collective bargaining, decentralisation, centralisation, flexibility, employment, wages, new agenda of collective bargaining, Spain**

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Introduction

The purpose of this article is to examine the changes which have been taking place in collective bargaining in Spain. During the last years, the discussion has focused on two key points: the first concerns the structure of collective bargaining and the second, its contents.

- On the one hand, the discussion among social partners has oscillated between decentralisation and centralisation in the structure of this collective bargaining. Several analysts point out that the current mixed structure impedes the fight against inflation and unemployment, whereas other analysts point out that, after labour reforms in the 90s, there has been a gradual transformation. The structure of collective bargaining reflects a capacity to adapt to the requirements of individual companies, as well as to guarantee working conditions, as trade unions claim.
- On the other hand, the content of collective agreements has widened with labour reforms giving rise to a new qualitative agenda in bargaining.

The concept of collective bargaining used in this article is a broad one. We understand as collective bargaining all agreements reached at different levels of industrial relations. Consequently, at highest level, we consider social concertation as an agreement of political exchange between social partners. At medium level, we more strictly consider the sectoral, territorial and company collective agreements. And finally, we also consider as collective bargaining the agreements at the company and workplace levels which are not legally registered. Territorial pacts, which are usually defined as middle-level concertation, are not included here owing to space.

This broad concept of collective bargaining allows us to follow the theme examined in this special issue of the review. This theme is addressed at four points from a comparative perspective. They are: the influence of the recent legal changes; the socio-economic consequences of bargaining; the articulation of bargaining levels and their legitimacy and the extent of their coverage:

1. First, the impact of legal changes in industrial relations. In our view, the labour reforms of 1994 and 1997 helped to rationalize the structure of collective bargaining. Basically, they encouraged a dual process which simultaneously lead to decentralisation at company level and to centralisation at the sectoral and territorial levels. Both processes, although contradictory at first sight, are also complementary to a certain degree.
2. Secondly, collective bargaining has had socio-economic consequences especially shown in the control of inflation during the 80s through social concertation. Besides, its economic function, this concertation also had an important political function in the transition to democracy. In the 90s, pay restraint, which, from then on, would be only carried out by means of collective agreements, also allowed a moderate wage growth to be compatible with employment creation.
3. Third, the relationship between the different levels and their articulation has been a problem since the 70s. Despite the labour reforms just mentioned, the

structure is still fragmented into sectoral, sectoral-provincial, regional, local and company levels. However, labour reforms in the 90s promoted more rationalisation in the structure of collective bargaining which at the same time gradually contributed to the improvement of its legitimacy.

4. And, fourth, the coverage of collective bargaining a wide, although its effectiveness in small-sized companies is doubtful. The dual process of centralisation and decentralisation seems to help adapt bargaining to the specific situations of sectors and of companies. Meanwhile, enlargement of its content is encouraging an increasing dialogue on flexibility and labour security. The moves to increase flexibility of working time has contributed to bargaining over annual working time, the extension of irregular working time, shift work and reduction of overtime, and, at the same time, in compensation, there is transformation of temporary into permanent employment.

The examination of these four points constituting the thread of the article will be carried out through an analysis in the following four sections in which we will deal. First, we give a brief theoretical framework of the debate in comparative perspective with Europe. Second, , we examine the structure of collective bargaining, the problems related to its fragmentation and control as well as the positions of parties in the present debate. Third, we examine changes in the content of collective bargaining, the enrichment of the bargaining agenda with new clauses in collective agreements in which employment, security and flexibility are of increasing importance. Finally, , we assess the consequences of the reform of collective bargaining and the most important analyses related to it.

1 Brief theoretical outline of the debate in Spain in comparative perspective

The debate between the supporters of centralisation and of decentralisation follows a similar pattern to that in the European Union. For some analysts, the model of collective bargaining in Spain is not a decentralised one, such as that in Britain, neither is it a centralised one, as in the Scandinavian countries. According to some analysts (e.g. Bentolila/Jimeno 2001), the mixed structure of the Spanish collective bargaining would be the worst in terms of adjustment and adaptation to changes in the business cycle. On the one hand, the advantage of the decentralised model of collective bargaining lies in its capacity to adjust more swiftly at company level to variations in the environment. This would enable a micro-economic orientation of social partners. On the other hand, centralised bargaining has other advantages such as alignment of wage behaviour with the objectives of macro-economic policy. Both extreme models, represented by an inverted ‘U’, would give better results when fighting unemployment and inflation (Calmfors/Driffil 1988; Paloheimo 1993).

However, as Traxler (2003) points out, the debate around new corporatism and especially between centralisation and decentralisation might not sufficiently show the real nature of the theoretical problem. Clues to this may be found in the degree of vertical and horizontal articulation of collective bargaining. In the first case, vertical

articulation covers from the territorial, sectoral, and company levels. In the second case, horizontal articulation refers to intersectoral co-ordination. The degree of articulation is directly related to the governability of industrial relations. In the Spanish case, the problems are found in the lack of articulation and co-ordination of collective bargaining. Other problems must be added, such as the low rate of union membership (15,1%, Waddington/Hoffman 2000). Apart from this, fragmentation of union organisations, the „parallel" unionism of workers' committees and the informal nature of industrial relations in small firms must be considered. Although all of this makes it difficult to manage and articulate the different levels of collective bargaining, surprisingly, its influence on the inflation has not been determinant as it may be first theoretically supposed. Actually, no centralised concertation on wages has been reported in the 90s but, in spite of this fact, wages have been showing a moderate evolution (see table 1). Likewise, wages in companies with a company agreement have not deviated much from the agreements at the sectoral level, as it might have been expected as a result of decentralisation. One possible explanation seems to have been the slowing of inflation in the 90s which resulted in a lower demand for wage increases by unions and workers' committees. How can we explain that despite the lack of articulation in collective bargaining, inflation has remained low and it has been possible to contain wage growth?

One possible explanation lies in the harmonising effect of the „erga omnes" clauses extending the coverage of collective agreements and particularly in the behaviour of wage patterns. Unity of action by the two largest unions (CCOO and UGT delegates represent 74% of the members in the Workers' Committees, Jódar/Jordana 1999) is also to be considered. Also moving of union attention to other issues, such as flexibility in temporary employment contracts and flexibility in working time. The „erga omnes" extension clauses are the most important element in the harmonising process since they enable the extension of wage increase and other agreed employment conditions to all companies and workers in the same sectoral and territorial units defined by the collective agreement. For instance, we may observe that the important sectors, as far as number of workers is concerned, are ruled by a single agreement agreed at national level (such as the chemical industry, textile, building, finances and insurances). Concerning the unity of action, the two main unions yearly establish the goals and criteria for joint action in order to guide collective bargaining which circumscribes the scope for wage demands when negotiating lower level collective agreements. As for flexibility in temporary contracting, we have to mention that is has become one of the main concerns of unions since the 80s together as a result of increased unemployment. We have just to remember that from the 90s one out of three employees has a temporary contract. The tough reality of employment precarity affects the union agendas up to the point that employment security has become the most important priority. And in the 90s working time flexibility was also introduced onto the agenda of collective bargaining with the consequences on employment quality as it will be discussed later.

Tab 1. Inflation and pay increase agreed by collective agreement, 1985-2000
(Source: Ministerio de Trabajo y Seguridad Social, Estadísticas de convenios colectivos. IPC data, source: Instituto Nacional de Estadística. Mentioned in the 'Memoria sobre la situación socioeconómica y laboral.' Consejo Económico y Social, Madrid: 2002: 376)

Years	Pay increase (1) (with safeguard clause),	Real IPC (consumer price index) yearly average (2)	Predicted IPC	Increase purchasing power (1-2)
1985	7,9	8,8	7,0	- 0,9
1986	8,2	8,8	8,0	- 0,6
1987	6,5	5,2	5,0	1,3
1988	6,4	4,8	3,0	1,5
1989	7,8	6,8	3,0	1,0
1990	8,3	6,7	5,7	1,6
1991	8,0	5,9	5,0	2,1
1992	7,3	5,9	5,0	1,4
1993	5,5	4,6	4,5	0,9
1994	3,6	4,7	3,5	-1,1
1995	3,9	4,7	3,5	- 0,8
1996	3,8	3,6	3,5	- 0,2
1997	2,9	2,0	2,2	0,9
1998	2,6	1,8	2,1	0,8
1999	2,7	2,3	1,8	0,4
2000	3,7	3,4	2,0	0,3
2001	3,6	3,6	2,8	0,0

In short, the two first mentioned effects, „*erga omnes*" clauses and union unity of action are a power influence on the expansion of similar patterns for agreements at different levels. This facilitates the governability of collective bargaining despite the complexity and fragmented nature of its structure in Spain. In contrast, issues related to labour flexibility have tended to weaken the unions (such as low membership) and at the same time they have changed the priorities in the union agendas which have, without doubt, contributed to moderating wage demands.

Another very different issue is wage dispersion. The mixed structure of collective bargaining may also influence the wage dispersion but this is hard to establish in view of the lack of adequate data sources.

2. The structure of collective bargaining

As for the structure of collective bargaining, one important characteristic is the presence of agreements at different levels, such as workplace, company or above-

company ones, which vary as to their territorial coverage: local, regional, provincial, inter-provincial, of autonomous community, of different autonomous communities, and state. Legal regulation of collective agreements also gives the social partners the right to define the territorial, personal, functional scope of their agreements (Fina et al. 2001). This is to say, an employers' organisation and a trade union may freely agree to create a bargaining unit for a particular geographical area and an sub-sector of economic activity provided that these organisations have the required degree of representativeness for collective bargaining.

The problems of governing the structure of collective agreements was also a matter of concern in the National Inter-Industry Framework Agreement, *Acuerdo Marco Interconfederal*, of 1980 in which the signatories (UGT and CEOE) noted the extreme diversity of contracting units. Their structure is characterized by decentralisation, fragmentation and lack or articulation so they acknowledged the need to reduce the number of units in order to reduce „redundant social conflict". With this purpose, in the Agreement, the parties made public their intention to promote an articulated bargaining system starting with the sectoral units which would determine the issues to be transferred to the lower-level units. Some years later, in 1985, in the Economic and Social Agreement, *Acuerdo Social y Económico*, the same partners, and also the Government, again expressed the need to rationalise the structure of collective bargaining, which they considered to be too fragmented and the signatories committed themselves to promote the concentration of workplace agreements in order to set the company as the lowest level. So, there was recognition that the structure of collective bargaining was fragmented (Ruesga 1991: 390; Miguélez/Rebollo 1999: 333).

In general, we may say that in the early 80s, both UGT and CEOE agreed in their proposals for rationalisation of the structure of collective bargaining which had to be done by giving a more prominent role to the sectoral and national collective agreements, enabling an articulation with bargaining at lower levels. For both organisations, centralisation of collective bargaining is necessary in order to control industrial relations: union and employer confederations should have a prominent role in defining working conditions. As far as the Government is concerned, they shared these judgements but they add other considerations: the structure of collective bargaining in Spain is the worst possible one due to its negative effects on inflation and unemployment. Centralisation of collective bargaining would enable it to respond to the important problems in the country provided that it is led by the most representative employer and union organisations that are sensitive to these issues.

During 90s, difficulties in the reform lead the actors to adopt new strategies. The Government and the employers' organisations started to consider the disadvantages of a rigid structure of collective bargaining, one not suitable for the never-ending transformations required by the companies. Labour reforms of 1994 aimed specifically at eliminating rigidities in defining employment conditions, giving more preeminence to decentralised bargaining and recognising, for the first time, company agreements in a legal text as a more flexible bargaining level than higher level collec-

tive agreements, and, at the same time, more scope to employers' decisions, especially in matters concerning workers' mobility.

In 1997, under the new conservative government of the Partido Popular (needing social legitimacy), the unions (CCOO and UGT) and employers' organisation (CEOE) signed the Inter-industry Agreement on Collective Bargaining, *Acuerdo Interconfederal para la Negociación Colectiva* (AINC), and the Inter-industry Agreement for Coverage of Legal Voids, *Acuerdo Interconfederal para la Cobertura de Vacios* (AICV). In the first, after noting the disadvantages of the present structure of collective agreements, the signatories committed themselves to rationalise and reorganise its structure, designing a model in which the issues to be regulated in each of the corresponding levels or bargaining units were established. However, implementation was left to the parties negotiating in each sectoral unit. As it is stated by Del Rey et al. (1998: 28), in the AINC the parties showed unquestionable centralising preferences, especially at state level, compared with the stated objective of decentralisation of bargaining deriving from the legislative reform in 1994. In the model designed by the AINC, the guidelines were set out for the issues to be reserved to the state and sectoral agreement, the issues to be developed subsequently by the lower levels and the ones which would be transferred or not to lower levels. According to that agreement, the signatory organisations had to set up a joint commission which, however, has not followed these commitments. Regarding the AICV, the unions and employers' organisations signing the agreement regulated working conditions in the sectors which had hitherto lacked a collective agreement.

2.1 The current debate between social partners

Four years later, with the expiry of the AINC and the meagre results obtained, the Government strongly pressed the social partners to reconsider reform of the structure of collective bargaining. Thus, in June 2001, talks resumed between the CEOE and CEPYME on the employers' side and CCOO and UGT on the unions' side in order to discuss and agree modifications in the structure of collective bargaining. Although the talks were initially bipartite, they became tripartite when the Government, which had already played an important indirect role, joined them. The central purpose assumed by all parties in the talks was the need to simplify the structure of collective bargaining and reduce the great number of collective agreements in Spain which totalled above 5,000. However, reducing the number of collective agreements was understood differently: although all agreed that the very high number of middle-level sectoral agreements (provincial, regional or local) had to be reduced (and even eliminated), the trade unions thought that national-level sectoral agreements should be strengthened, and more closely articulated with company agreements, whereas the employers wanted to give more flexibility, and a predominant role to company agreements and also increase the scope for individual regulation of working conditions.

On the union side, the CCOO and UGT considered the AINC a good starting point for negotiations since reforms about the structure of collective bargaining (bar-

gaining units), about its articulation and division of issues between the different levels of collective agreements and concurrence. The CCOO and UGT, in a common report (UGT/CCOO 2000), considered that:

Sectoral collective agreements have to be reinforced to become the chief mechanism for steering and articulating the lower levels of bargaining and leading the negotiation of specialized issues. Strong sectoral collective agreements at national level must be used as a shield for workers' rights and to regulate and to articulate negotiations at lower levels, and especially at company level. The unions took this position because of the very large number of small firms in the Spanish economy with less than six workers which, according to Spanish law, cannot have employee delegates.

The general effectiveness of the sectoral collective agreement must be preserved so that the system of collective bargaining is not weakened and the industrial relations are not individualised.

Allocation of issues to different bargaining levels must be established for each sector according to the principle of the autonomy of the parties and the multiple negotiating models in place. Thus, national-level sectoral agreements must determine which issues within their jurisdiction require a decentralised treatment, and which issues, such as wage benefits, distribution of working time, special shifts or holidays, are better negotiated at company level.

Collective agreements regulate industrial relations. As a rule, we can only consider replacing one agreement by another, but never its disappearance. Continuity[1] is a fundamental principle: when an agreement expires, its provisions remain in force until a new agreement is reached. Considering the very large number of agreements, eliminating them would require the re-opening of bargaining processes without a minimal guaranteed right beyond the law itself (Workers' Statute) which would easily lead a widespread and fragmented industrial conflict. Collective agreements must not be weakened by individual employment contracts.

In accordance to these four conditions, the trade unions considered it necessary to focus the debate around four elements:

1. Establishing measures to reinforce collective bargaining: the 'steering column', articulation, redefinition of economic sectors, adaptation of the system to new economic activities.
2. Reaching commitment with employers and trade unions in order to promote articulation of collective agreements: specific treatment of the obligation to bargain, reinforcement of the role of joint commissions.
3. Encouraging collective participation in rights of information and consultation.
4. Extending coverage to the existing legal voids, this is to say, sectors which are not covered by collective agreements.

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1 The Workers' Statute establishes that when a collective agreement expires its contents are to be applied until the next bargaining.

On the employers' side, the CEOE and the CEPYME stressed that bargaining levels and units are matters to be discussed in the talks. They include also the effectiveness of collective agreements, their concurrence and subsidiarity, validity, provisions for their extension and termination, for entering their coverage and for extending them, the role and functions of the National Consulting Commission for Collective Agreements[2], *Comisión Nacional de Convenios Colectivos*. They include also the content of collective bargaining, this is to say, the issues regulated by law, by collective bargaining or by individual agreement. In their documents, CEOE and CEPYME establish the following targets to be attained concerning collective agreements:

- Priority must be given to company agreements since they are the ones better able to take account of the economic reality in each unit.
- Continuity ('Ultra-activity')[3] must be severely restricted or curtailed. This is to say, when a collective agreement expires, all its provisions should be negotiated from scratch.
- Issues agreed in collective agreements at the national-sectoral scope cannot be negotiated at lower level.
- The legal basis must be reduced and more scope be given to negotiation between company and workers. Collective bargaining must be the result of the autonomy of the parties, hence the unions rejected any attempt to predetermine by law the structure of bargaining in different sectors.
- Considering the inflexibility of sectoral collective agreements, a larger role must be given to the decisions taken at company level. Sectoral agreements are not suitable tools for problems arising at this level.
- Despite the predominant role of collective agreements, more scope must be given to individual contracts.

For the Government, reform of collective bargaining has a primary economic motive: collective bargaining must help restrain inflation. In order to achieve this, its reform must be based on avoiding excessive fragmentation of collective agreements, creating real scope for negotiation at company level with formulae that enable adjustment to economic conditions and protect employment so that each company can adapt to the changing economic situation and to their own needs in a better way. Also the reform should seek to mitigate any direct or indirect benefits that may be obtained by refusing to negotiate. The Government also proposes to eliminate the automatic

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2 The National Consulting Commission for Collective Agreements[2], *Comisión Nacional de Convenios Colectivos*, is a tripartite (Government, unions, and ~~managers~~employers' organisations) commission which has got advising and consulting functions for the parts in the work collective bargaining according to the definition of the functional scopes of agreements. Also, this Commission must inform in cases of joining and extension in time of a collective agreement before the Labour Authority decides.

3 According to CEOE (2001), in collective agreements negotiated in 2000, 'ultraactivity', this is extension in time of an agreement beyond its expiration, has extended, in average, almost in eight months.

extension of the life of collective agreements (the literally called 'ultraactivity'), at least for some issues, and it is also considering introducing formulae for deferred pay in collective agreements, such as collective or company pension plans. With these goals, the Government has stressed the need for a better definition of the issues to be discussed at each bargaining level, an easier way for the companies to be able to opt out of what has been agreed in collective agreements at a higher level and avoid extending the duration of agreements because one of the parties does not wish to negotiate.

However, the talks ended without agreement and major differences remained between the three parties. In contrast, as a way to avoid an industrial conflict, the employers' organisations and unions agreed some guidelines for negotiations in 2002 concerning wages and some procedures for the negotiation of collective agreements. This was the 'Inter-industry Agreement for Collective Bargaining 2002', *Acuerdo Interconfederal para la Negociación Colectiva 2002* (ANC-2202), and it was agreed by unions CCOO and UGT and employers' organisations CEOE and CEPYME in December 2001.

Nevertheless, trade unions and employers' organisation have made some progress in negotiating collective agreements, in the sense that there is an increasing number of clauses aimed at ordering and articulating the negotiation in the corresponding sector, following the advice of the AINC (CEOE 2002; CES 2001). However, in most cases, these clauses merely indicate but they do not bind, and sometimes their targets are even the opposite of the ones predicted in the AINC. Thus, some sectoral agreements establish that they will be of complementary application for companies with their own agreements. Other agreements, however, prohibit the negotiation of agreements which could conflict with the national sectoral agreement, and they commit themselves not to open negotiation on certain issues at lower levels.

Other agreements include an effective division of issues among the different functional units but they have a more marginal character. More often, there are agreements which include opt-out clauses, for example concerning the wage system, and which transfer these issues to lower levels. There are clauses that transfer issues related to certain occupational categories and some aspects of labour contracting to lower levels. „In short, not much progress has been made towards the renewal of the structure of collective bargaining based on a more coherent articulation between agreements which brings to an end the jurisdictional uncertainty created by excessive fragmentation. Both, a suitable articulation and a peaceful concurrence of agreements must be compatible with, and enable adaptation of what has been agreed at national-sectoral level with the employers' needs and the new forms of work organisation", is the conclusion of a report by the Consejo Económico y Social (2001: 375).

However, despite the continuous problems attributed to the structure of collective bargaining and procedural rules, we can conclude that changes have taken place after the labour reforms in 1994 and 1997. Actually, there have been changes in the substantive rules and in the content of collective bargaining which is manifest in the expansion of the so-called „special clauses" in collective agreements.

3. New content of collective bargaining

Following the labour reforms of 1994 (and subsequently with the labour reforms resulting from the pacts of April 1997), there has been a gradual introduction of qualitative elements in collective bargaining in Spain. This is an important difference from the 80s. Then collective bargaining was centred on pay issues and the almost automatic reproduction of the legal clauses contained in the Workers' Statute. With these reforms, which brought a decentralisation of the structure and a broadening of its contents, collective bargaining developed a new dynamism.

Other contextual factors also contributed to this dynamism such as the weaker inflation pressure in the early 90s, making pay issues less pressing (compared to the rising inflation context in the 80s, see table 1). To a certain extent, we may say that we are witnessing the emergence of a qualitative agenda in which new bargaining issues are becoming important such as employment, continuing training, labour health and developing extra-judicial procedures for dispute solution. However, these new issues remain subordinated to the traditional ones such as pay and working time. In short, there has been an evolution in the content of bargaining from the traditional agenda and towards the new negotiating agenda.

3.1 The traditional agenda of negotiation

We focus on two issues of the traditional agenda of bargaining: pay and working time. Although they are longstanding issues, they also have include new clauses in response to technological innovation, and the restructuring of work and companies, as well as new methods for managing human resources.

Pay negotiation

Wages have always had a predominant role in the traditional bargaining agenda although the emphasis and meaning has varied over time. In this sense, two great periods may be distinguished.

The first period, from 1975 to 1986, was characterised by the establishment of national level pacts of a wide content and in a context of strong inflation. One of the priorities in the different pacts was to control inflation through wage moderation. In the years of the political transition (1975-77), inflation reached a year-on-year growth of almost 30%. Growth in inflation was parallel to loss of employment and increase of unemployment. The Moncloa Pacts (1978) introduced an important change in that period: they modified pay indexation. Up to then, pay increases were based in the past instead of the predicted inflation. Besides, a pay band (20-22%) was established inside which wage increases might be negotiated. Thus, an important change was introduced in the fight against inflation. Likewise, these pacts had a remarkable political importance in promoting the consensus needed in order to write the constitution and consolidate the new democracy.

The Multi-Industry Framework Agreement (Acuerdo Marco Interconfederal, 1980-1981) also introduced pay bands (13-16% and 11-15% respectively) as well as

including other aspects aimed at greater uniformity in the terms of collective agreements (working time, union rights, overtime and other issues). The National Employment Agreement, *Acuerdo Nacional de Empleo*, (1982) also considered wage moderation as one of the priorities, so also a pay band (9-11%) was established in order to orientate collective bargaining during a year of strong political uncertainty (the failed coup d'état). In 1983, the Multi-Industry Agreement (Acuerdo Interconfederal) followed the same pattern. It established a pay band (9,5%-12,5%) to lead negotiation. And finally, the Socioeconomic Agreement (Acuerdo Económico y Social), signed for 1985 and 1986, established a pay band (5,5%-7,5%) to moderate increases in wages and, and at the same time, flexibility in contracts was agreed on temporary employment. These five pacts spanned the cycle of social concertation and centralised wages bargaining. The wage moderation helped to reduce inflation (IPC, consumer price index) which went from almost 30% in 1977 to 8,8% in 1986 (Führer, 1996: 344-345).

In the second period, from 1986 to 2001, wage determination has been produced without social concertation or tripartite centralised references. The methodology of social concertation changed from the 90s: the national level social pacts embracing different issues disappeared and the establishment of specific pacts took place. They dealt only with certain subjects (such as the Agreement for Extra-judicial Resolution of Industrial Conflict, *Acuerdos para la Resolución Extrajudicial de Conflictos,* and the Agreements on Vocational Training, *Acuerdos sobre Formación Profesional*, among others), and also the bipartite instead of the tripartite logic is reinforced. Nevertheless, during this period there was some degree of centralisation, but it was confined to the sectoral agreements. In them, issues such as wage structures were considered but without establishing the level of incomes (Fina et al. 2001:54).

During this period, the growth in wages was moderate one due to the strong pressure of temporary employment which since 1984 increased to reach around 1/3 of all employment during almost all the 90s. While the increase of nominal wages went from 6,8% in 1987 to 3,6% in 2000, the IPC went from 5,2% to 3,4% respectively. That is to say, behaviour of nominal wages has responded to other variables of the labour market. Some analysts, such as Fina et al. (2001: 131) underline the double effect of temporary employment. On the one hand, it has reduced the rise of average wages. And, on the other side, it has given more protection against dismissal to permanent employees. In difficult moments companies make the adjustment through workers with a temporary contract.

Some analysts use the Solow model to try to explain how favourable conditions of employment of insiders, and the need of the companies to generate motivation by means of the „payment by results", influence pay rises and inflationary tensions. As a result a hysteresis situation takes place: inflationary trends together with structural unemployment (suffered by outsiders). This is to say, it is a phenomenon deriving from the *institutional inflexibility* of labour market and from the structure of collective bargaining itself which prevents employment creation in the sector of low wages and non-skilled labour force. However, unions have criticised this interpretation since

they think that temporary contracting has the opposite effects to the ones pointed out. Temporary employment holds back the strength of unions, their membership and their bargaining power.Temporary contracts are also a cause of pay differences. Jimeno and Toharia (1993, quoted by Fina et al. 2002: 132), point out that workers with temporary contracts get between 9% and 11% lower wages than those with an open-ended contract.

Despite the absence of a centralised policy of wage concertation during these years, the clauses of general applicability (*erga omnes*) have been attributed a homogenising influence on the behaviour of wages. Their importance seems overstated if we consider the actual wage gap between insiders and outsiders, as well as the targets to be attained by the labour reform of 1994, which tried to mitigate such homogenising effects by means of opt-out clauses or by company agreement modifying the higher level agreement. Company agreements might be one source of flexibility in pay structures. The gap between the agreed and the actual wage, wage drift, is still not well documented. In a study at the Universidad de Oviedo (Lorenzo/Felgueroso 1994, quoted by Fina et al. 2002: 154), wage diversity and the different role of collective bargaining depending on the activity sector are confirmed. The wage gaps vary greatly between sectors, and within the same sector between different occupational categories. These gaps refer to the difference between the wage agreed in the collective agreement and the actual wage which might be an issue to be dealt with in the company agreements, or in small groups, or by individual arrangements. The main conclusion of this research is that the collective agreement determines the wages of the less skilled workers but not of medium and high categories. For example, in building, the gap for lower-skilled categories is negligible, at 0,39%. whereas it is 59,7% for the highly skilled. In the iron and steel sector, the gap is of 10,3% for the less-skilled and 79,3% for the more highly skilled. In other words, these gaps contribute to a more flexible wage structure.

The newest aspect of pay policy has been the trend towards rationalisation and simplification of pay structures by means of the reduction in the pay scales, and the harmonization of wages by use of broader occupational groups. For employers, the purpose of this policy has been to avoid the excessive fragmentation resulting from the old system of occupational categories. Changes in technology, in the methods of employee management, , , and changes in work organisation have rendered the occupational classification system obsolete. Now, the new pay systems tend to bind wages to productivity targets, economic results and quality of production (see table 2). The pay structure has been adapting to the technological and organisation changes in the companies, that is to say, it has become more flexible, made possible by the so-called „pay gaps" (CEOE 2001: 84-86).

Tab 2. Special clauses related to employment in collective agreements
Number and percentage of affected workers
(Source: Ministerio de Trabajo y Seguridad Social, Estadísticas de convenios colectivos. Data mentioned in the 'Memoria sobre la situación socioeconómica y laboral'. Madrid: publisher Consejo Económico y Social, different years 1997-2001)

Clauses	1996	1997	1998	1999	2000
1. Net creation of employment	181.332 (3,0%)	339.775 (4,7%)	380.380 (5,4%)	431.270 (5,5%)	439.435 (5,6%)
2. Employment creation for early retirement (hand-over contract)	781.297 (12,8%)	1,335.582 (18,5%)	1367.221 (19,6%)	2106.542 (27,1%)	1891.584 (24,1%)
3. Preservation of employment	300.117 (4,9%)	679.935 (9,4%)	717.389 (10,3%)	502.453 (5,5%)	601.315 (7,7%)
4. Transformation of temporary employment into permanent.	527.422 (8,6%)	717.815 (9,9%)	1285.056 (18,4%)	2031.445 (26,1%)	1920.903 (24,4%)
5. Other clauses related to employment	2083.976 (34,1%)	1834.528 (25,45%)	1458.969 (20,9%)	1242.047 (16,0%)	952.640 (12,1%)
6. Maximum number of temporary contracts	-	-	-	-	544.552 (6,9%)
7. Use of Temporary Employment Agencies	-	-	-	-	1638.352 (20,8%)
8. Geographical mobility	1248.158 (20,4%)	1631.269 (22,6%)	1566.892 (22,5%)	2001.691 (25,7%)	
9. Functional mobility	1283.520 (21,0%)	1454.232 (20,1%)	1429.612 (20,5%)	1504.730 (19,3%)	
10. Clauses related to productivity pay incentives	1752.468 (29,9%)	2256.811 (31,9%)	1794.460 (25,7%)	2157.736 (27,7%)	2016.500 (25,7%)

However, the reduction of labour costs has been a key goal. This has been especially the case in labour intensive activities. The need to improve competitiveness has frequently been advanced on the grounds of comparative labour costs in Spain and abroad. One strategy has been to make wider use of the so-called 'two-tier pay scales' which, although legally forbidden, have been possible by means of a sophisticated mechanism: notably, through the transformation of seniority benefits into *„ad-personam" pay supplements*[4] and the hiring young workers without those pay benefits or on lower wages. Consequently, in these cases, new employees are hired on

[4] For example, 77% of sectoral agreements and 85% of company agreements include clauses of personal supplements (see reports by the CEOE, 2001 and 2002).

lower wages (which may be between 20% and 25% lower) than the established staff. This two-tier pay scale has two effects. On the one hand, it allows companies to establish pay planning and progression targets with three or four year time-scale, which is an important factor for stability, and planning ahead. And, on the other hand, it usually has enabled the transformation of temporary into permanent employment or even creation of new jobs. This double character of the two-tier pay scale explains the reasons why these clauses, albeit with conflict, have been accepted by unions and workers' committees.

Pay freezes have been another mechanism used by companies facing crisis and in order to guarantee employment in the face of competitive pressures. The labour reform of 1994 made if compulsory to include an opt-out clause in sectoral agreements although this clause has not been very often used in practice.

Finally, in 2002, a new centralised pay agreement has been reached. The Agreement on Collective Bargaining 2002 has sought to control inflation during the establishment of the Single European Currency. The formula fostered by the European Trade Union Confederation in their last conference in Helsinki (predicted IPC + productivity) has been adopted and it has been integrated as a clause in the agreements.

In a few words, and as a summary, we cannot argue that the pay structure remains inflexible, as argued by Bentolila and Jimeno (2002). Nor can we say that it generates excessive pay inflation. Clauses in sectoral agreements, and company agreements, allow differentiation of wages by means of these „gaps" and they also allow a degree of dualism. On the other hand, we can argue to a certain extent that in this period, after the reform in 1994, the principle of the autonomy of the parties has been reinforced. At the same time, public intervention in collective bargaining is limited (it is confined to the establishment of the legal framework, and dispute resolution).

Bargaining over working time

Working time has been a subject of increasing importance in bargaining. Although it is a traditional subject, we have also to consider that its negotiation has taken on important new features. In this sense, we may point out four issues related to the reduction of working time, its restructuring, reduction of overtime and shift work.

First, the reduction in annualized working time has followed a moderate downwards trend[5]. Second, another new feature has been the restructuring of working time. Indeed, this has been another key element of collective agreements. This variable is closely linked to preservation and defence of employment. Restructuring of working

[5] Possibly in years when apparently the working time increases (which is a statistic effect deriving from the number of agreements registered, the number of workers taken into account and the effect of adjustment, see table 3).

time is figures in different ways and it is aimed at making the use of labour force more flexible in addition to reducing labour costs. In this sense, restructuring of working time is presented under different formulae such as annualised working time. The Workers' Statute established the possibility to regulate working time on an annual basis by collective agreement. Another formula to restructure working time consists on its irregular distribution through the year or during the week. Irregular working time has expanded as a part of the policy to make working time more flexible. The legal maximum is 9 hours (see Workers' Statute, article 39.9), but this may be modified by a company agreement (table 3)[6]. Third, reduction of overtime has been an important issue both for employers and unions: for employers, because reduction of overtime reduced labour costs; and for unions, because reduction of overtime may help to boost employment (remember the motto: less work but work for all). The mechanisms by means of which overtime has been reduced (or even eliminated) have been, first, their compensation with time off when demand decreases and, second, the accumulation of not-worked hours which are held on account. In fact, we may say that the amount of overtime for each full time worker has been reducing. However, the amount of overtime for workers working them has not fallen (see table 4). This may indicate conflicts inside the unions or conflicts between unions and workers' committees, or between unions and workers: on the one side, union's pressure to reduce overtime whereas, on the other hand, committees look to overtime as a supplementary source of income for workers. Fourth, the expansion of shift work (morning-evening-night and weekends)[7] is another new feature of changes in work organisation although it started in the 80s. Shift work is closely linked to restructuring and flexibility of working time as well as to the recovery of capital investment.

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6 This is an increasing tendency which must be immediately explained in detail according to the data in the agreements. Only 7% of agreements have established a limit above 9 hours per day. Whereas 38% of the agreements have regulated a maximum of 9 hours per day. Around 37% of company collective agreements have signed the possibility of irregular working time but these working time are only to be applied to staff belonging to concrete sections or departments, and to specific professional levels, categories and groups (CEOE 2001: 51; see also report 2002).

7 Around 35% of collective agreements have shift work clauses. (CEOE 2001: 53).

Tab. 3. Working time agreed in collective agreements
(Source: Ministerio de Trabajo y Seguridad Social, Estadísticas de convenios colectivos. Data mentioned in the 'Memoria sobre la situación socioeconómica y laboral'. Madrid:: Consejo Económico y Social, 2002: 393)

Years	Annual hours	Variation in number of hours
1989	1772,2	- 6,6
1990	1769,7	- 2,5
1991	1768,0	- 1,7
1992	1766,6	- 1,4
1993	1763,5	- 3,1
1994	1763,4	-0,1
1995	1765,9	2,5
1996	1767,5	1,6
1997	1767,8	0,3
1998	1766,6	- 1,2
1999	1765,0	- 1,6
2000	1761,7	- 3,3
2001	1759,3	- 2,4

Tab. 4: Overtime worked, 1992-2000
(Source: Ministerio de Trabajo y Seguridad Social, Encuesta de Coyuntura laboral. Data mentioned in the 'Memoria sobre la situación socioeconómica y laboral'. Madrid: Consejo Económico y Social, 2001: 399)

Years	Total hours (thousands)	Hours per worker working them	Hours per full time worker
1992	64.399,4	98,4	10,5
1993	49.966,9	95,1	8,8
1994	53.606,1	95,9	9,7
1995	57.770,2	100,6	10,3
1996	64.550,2	107,7	11,5
1997	71.740,2	124,7	9,7
1998	67.105,4	108,5	8,5
1999	57.212,0	101,9	6,8
2000	58.818,5	100,1	6,7

All in all, the spreading of clauses related to working time in collective agreements is a sign of their increasing heterogeneity. The old model of homogeneous and standard taylorist working time is breaking down with three possible consequences:

- Crisis in the concept of the working week, which from the 90s, started to be considered in the context of longer and more irregular cycles, with peak and slack periods of work load.
- A trend towards a modification of working time devoted to leisure and family activities which will be probably affected by irregular working time with variations in the daily and weekly length, by shift work on Saturdays and holidays. Irregularity in working time will increasingly affect synchronization of family and working time.
- Restructuring of working time may mean a threat to the weakest elements in the production chain. Subcontracts, Temporary Employment Agencies (ETT) and the self-employed may be constrained and force to specialize in working at weekends, nights and holidays. Employment in these peripheral areas may become more precarious as argued by other analysts (see, among others, Lallement 1998; Seifert 1999).

3.2 New qualitative agenda of negotiation

The 'new qualitative agenda' of bargaining is the result of broadening the range issues which are not pay-related. This would seem to indicate that the agenda is being enlarged. From the 80s, employers have been interested in introducing new bargaining issues related to the requirements of the new technologies and new forms of work organisation such as the structure of occupational categories, internal and geographical mobility and the non-judicial dispute procedures. Meanwhile unions have been struggling to broaden the bargaining agenda with employment matters in which the contents have not always been agreed by employers, and neither sometimes by workers' committees, nor by workers themselves. At present, the most important clauses in the qualitative agenda are employment, training contracts, structure of occupational classifications, labour health and non-judicial dispute resolution procedures.

Employment clauses in collective agreements

Employment is, undoubtedly, the newest issue[8]. Including clauses on this subject in agreements has been encouraged by the Labour Reform of 1994 and the subsequent labour reform of 1997 under the Multi-industry Agreement for Job Stability, *Acuerdo Interconfederal para la Estabilidad en el Empleo* (AIEE). Transformation of temporary into permanent employment has been a main concern not only for unions but also, to a certain extent, for some large companies because of its effects on consumption and the need to avoid excessive labour turnover. Up to a point, they have understood that precariousness and temporary contracts have depressed consumption and domestic demand as was seen in the economic crisis from 1991 to 1994. The AIEE and the legal measures by the Government have encouraged the transformation

8 In 2000, 42% of agreements included clauses related to employment (CES 2001).

of temporary into permanent employment by means of reduced employers' social security contributions which has encouraged the rapid spread of these clauses[9]. However, the appearance of these clauses in the agreements does not automatically lead to a transformation of employment but rather to the recognition of the legal framework to be applied and developed inside the company.

Another clause related to the previous one concerns the limitation of temporary contracts in the workplace. Although this clause has not spread very much, it is an innovation since it signals a commitment by workers' committees to avoid precarious employment, as it is also established by clauses limiting recourse to Temporary Employment Agencies (above mentioned). Other clauses refer to creating employment as a result of early retirements although they are not very widely applied, and with the clauses for job protection and the creation of employment.

Training contracts

Clauses related to training and work experience have been introduced in collective agreements under a labour law which encourages the use of these clauses. This law considers two kinds of contracts: training contracts and work-experience contracts.

Thus, first, in the development of collective bargaining, there has been a tendency towards increased use of training contracts although this may also be a result of the law. In fact, some analysts argue that the use of this power given to negotiators by law is very low. The „training contracts" replace the old apprenticeship contracts. This contractual form, established by law (Royal Decree 488/1998), sets the power to decide the maximum number of contracts in relation to the number of employees in the company. In this sense, there is a tendency to define which the jobs and categories are subject to this contractual form, with a duration of between two and three years. This contract is aimed at young workers aged between 16 and 21.

Second, work-experience contracts are determined by the negotiating parties themselves. Article 11.1 of the Workers' Statute empowers the parties to determine the jobs, levels and occupational categories to which this kind of contract may apply. The duration of these contracts runs from 6 months to 2 years, with pay between 60% and 70% of that for workers in the same or similar jobs. Not only have clauses related to these contracts have been increasing, but also it has been the way by which some large companies have sought to rejuvenate their workforces. A large number of young workers have been recruited onto with work-experience contracts or even training contracts and, at the same time, corresponding numbers of older employees have been offered early retirement.

Clauses related concretely to training have also spread in collective agreements, under the auspices of the National Agreements on Vocational Training, and the

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9 These clauses have gone from 8,6% in 1996 to 26,1% of agreements in 1999 and down to 24,4% of agreements in 2000. See table 2.

Agreement on Continuing Training. In contrast, linking training and occupational advancement is not very common.

Labour health

The big increase in the number of industrial accidents has led to a number of related clauses being included in collective agreements. Likewise, development of Act 3/1995 on Safety at Work , *Ley de Prevención de Riesgos Laborales***,** has boosted clauses related to safety.

Safety at work and prevention of accidents more and more often appear in the agreements. However, agreements generally also usually refer to these laws which is an indication of the lack of fit between this law and sectoral and company practice. Nevertheless, these clauses related to safety at work and prevention of accidents are more important in company agreements than in sectoral ones.[10]

Structure of occupational classifications and mobility

The tendency to include bargaining over occupational classifications is related to the process of organisational and technological modernisation in companies. In this sense, the new clauses refer to the establishment of occupational groups as the core for occupational classification. Companies and the CEOE, in particular, support introducing the concept of new occupational groups because they make functional mobility easier among workers who are included in those groups. Functional and geographical mobility has also spread in collective agreements, although, in many cases, the clauses merely reproduce what has already been established in the Workers' Statute (CEOE 2002).[11]

However, appearance of clauses related to external flexibility is indeed new and a concern for unions. In this sense, in recent years, clauses have been appearing which are aimed at restricting outsourcing.

Extra-judicial dispute resolution procedures

The Workers' Statute contained provisions for developing mechanisms and institutions for extra-judicial dispute resolution in industrial conflicts. However, agreements to create those institutions have been reached fairly recently. On 25th January 1996, the unions, CCOO and UGT, as well as the employers' organisations, CEOE and CEPYME, signed an agreement to start the Agreement on Extra-judicial Solution

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10 Around 78% of collective agreements in 2000 had clauses on labour health. Clauses on labour health appear in 86% of company collective agreements whereas they appear in just 60% of sectoral agreements. (CEOE 2001: 144).

11 Occupational Classification based on occupational categories is still in 35% of collective agreements whereas there is a majority of them which consider group and category classification at the same time.

of Industrial Conflict (ASEC) with validity for 5 years and which was extended for five more years in 2000.

ASEC envisages five kinds of industrial conflict which can be resolved and lead to agreement:

1. disagreements related to the interpretation and application of a collective agreement, agreement or collective pact;
2. Industrial conflict after a breakdown of negotiations.
3. Negotiations which have been blocked for more than six months;
4. Industrial conflict resulting in strike call or resulting from setting the security and maintenance services once the strike has been called; and
5. Industrial conflict during the consultation period before moving, essential modification in working conditions, collective suspension of contracts due to technical, economic, organisation or production reasons and collective dismissal (table 5 and 6).[12]

Tab. 5: Industrial conflicts. Main strike indicators, 1991-2000
(Source: Ministerio de Trabajo y Seguridad Social, Boletín de Estadísticas LaboralesData mentioned in the 'Memoria sobre la situación socioeconómica y laboral'. Madrid: Consejo Económico y Social, 2001: 446)

Years	Number of strikes	Total participants (thousands)	Participants per strike	Total not worked working days (thousands)	Not worked working days per strike	Not worked working days per participant.
1991	1552	1945	1253	4421	2489	2,3
1992	1296	5170	3989	6247	4820	1,2
1993	1131	997	882	2013	1780	2,0
1994	890	5428	6099	6255	7028	1,2
1995	866	570	658	1443	1666	2,5
1996	807	1078	1336	1553	1924	1,4
1997	709	631	890	1790	2525	2,8
1998	618	672	1087	1264	2044	1,8
1999	739	1125	1522	1477	1999	1,3
2000	626	1873	2992	3088	4933	1,6

[12] Industrial conflict seems to have increased since the late 90s. Not due to the number of strikes but to the increase of strike participants and the increase of not worked working days. These variables indicate that strikes have been affecting important sectors of activity during the last years such as building (for prevention of labour risks reasons in 2000) and transport among others (see table 5). This is to say, they are specific industrial conflicts and strike callings. We have to add the General Strike on June 20th 2002 claiming against the rupture of social dialogue and the reform of unemployment benefits.

Tab. 6: Lock-out
(Source: Memoria sobre la situación socioeconómica y laboral. Madrid: CES: 450)

Year	Number of lock-outs	Workers affected	Not-worked working days
1991	93	39.320	115.264
1992	64	22.492	86.029
1993	78	79.554	128.694
1994	18	9.734	21.991
1995	17	3.554	14.155
1996	23	9.765	26.786
1997	35	19.644	46.674
1998	14	8.631	17.342
1999	10	7.599	27.085
2000	16	5.511	38.897

The ASEC established the Multi-Industry Mediation and Arbitration Service, *Servicio Interconfederal Mediación y Arbitraje* (SIMA). From 1997, when it was created, SIMA has dealt with an increasing the number of industrial conflicts. These are mostly at company level. The conflicts concern mainly issues of interpretation and application of the collective agreement and industrial conflict related to strike call whereas industrial conflict deriving from the negotiation of collective agreements is very unusual. However, it has to be said that the unions may call strikes in order to speed up the proceedings of SIMA. The mediation procedures reinforce the autonomous solution of labour conflicts. Use of arbitration has been of little interest to the parties. Clauses to use services of the SIMA have spread remarkably quickly.[13]

4. Assessment of labour reforms and their effects on collective bargaining

The collective bargaining reforms of 1994 and 1997 encouraged a new dynamism. We may say that the new issues covered have contributed to an enlargement of negotiation agendas, whereas procedural changes have contributed to decentralisation and to make collective bargaining more flexible.

4.1 Expanding the range of issues covered by agreement

In this connection, we highlight different items such as

a) the tendency towards flexibility of the pay structure and the tendency towards its dualism.

[13] Clauses on extra-judicial solution of industrial conflict appear in 60% of sectoral agreements and in 34% of company collective agreements (CEOE 2001: 131).

b) the increasing diversification of working time and its irregular distribution throughout the year are also a sign of the flexibility;
c) introduction of clauses about the creation of new occupational groups to replace the old system of occupational classification and the „labour ordinances" are also a sign of the adaptation of agreements to organisational and technological modernisation at company level as well as the new methods of company management;
d) clauses on internal flexibility show how internal mobility and polyvalence are part of the above mentioned process of company modernisation;
e) however, introduction of clauses related to external flexibility, limiting the use of subcontracts or ETT to cover certain jobs, show the pressure made by unions to avoid degradation of working conditions; and
f) the inclusion of clauses on extra-judicial dispute resolution procedures disputes shows the functional role of unions which relates both to industrial conflict and to industrial governance.

4.2 Changes in procedure: decentralisation of agreements

In addition to the changes in the content of collective bargaining there have been procedural changes. Two such changes concern the extension of agreements and the decentralisation of bargaining. 'Extension of agreements refers to their automatic extension in time once the expiration date passes and until a new agreement. A related problem is that clauses are often carried forward from one agreement to the following one. Employers and the government have urged a fresh start on this issue when a collective agreement expires. That is, each negotiation should begin with a discussion of all clauses afresh without considering what was agreed in previous years. However, we have to make two remarks: a) the first is that data on agreements show an increase in the duration of agreements, at present, the average time they remain in force is about 30 months which is seen by the CEOE itself (2002) as benefiting companies because the agreement allows them to plan and predict labour management over a longer period; b) starting each negotiation from scratch is a source of instability, and of industrial conflict. It is also a liberal utopia because it forgets that social partners, workers' committees and unions, are also historical subjects, engaged in the struggle for better living and working conditions.

As far as decentralisation of collective bargaining is concerned, we have to say that this process has passed unrecorded in official statistics. Nevertheless, it exists. In this sense, the most important procedure refers to some changes in sectoral agreements which establish opening clauses for subsequent negotiation at lower levels. This leads to a growth of company agreements or pacts which are not recorded compulsorily. According to experts, these company agreements have also spread under the labour reforms in 1994 and 1997. To a certain extent, these agreements have introduced changes in collective bargaining which might be summarised under four headings (Garcia Murcia et al. 1997).

First, decentralisation of collective bargaining has been a source of company pacts and agreements. The sectoral (and even company) collective agreement may be used as a framework but it is possible that the new dynamic of decentralisation (where the concrete aspects of substantial rules or contents of agreements are developed) is increasingly taking place through company or workplace pacts. In this sense, pacts adapt to what has been called „company-oriented" industrial relations.

Secondly, these agreements introduce a new dynamism so that the negotiation process becomes continuous, related to everyday life, and not just to a concrete time period as it happened with the traditional agreements. Now, this new concept of negotiating process results in creating joint committees in which issues such as productivity, work organisation, labour health, and employment and so on are discussed. Agreements or pacts on concrete issues are constantly proposed in these committees. In this sense, the new dynamism of negotiation means more participation but also a more invisible and vague aspect since there is no register of these pacts.

Third, pacts are associated with changes in work organisation and introduction of new technologies. The pact is also a part of a ritual to legitimize change and obtain workers' consent. Such pacts even include the improvement of the company's image in its social environment as a purpose. It is a way to obtain bigger social legitimacy when these pacts come with clauses about employment (Martín Artiles/Jodar 1999).

Fourth, company pacts or agreements may have a commitment to improve competitiveness, specially binding employment with restructuring of working time. Some authors defined this kind of agreements as „concession bargaining", what reflects the idea of winners and losers (Sisson 2000). Others refer to „competitive bargaining" in the sense of a micro-corporatist logic which makes articulation of different levels of negotiation problematic (Regini 2000). This micro-corporatist logic may make the alignment of collective bargaining and macroeconomic policy more difficult. If so, it would result be paradoxical because the government and some official institutions claim decentralisation is a way to aligning wages with the targets just mentioned, but decentralisation may also be a source of lack of discipline, and micro-conflict.

In addition to the decentralisation of collective bargaining by means of company agreements, there is a problem of *fragmentation of collective agreements* stressed by some analysts. A fragmentation of collective agreements seems indeed to be happening. This may be understood as a readjustment of agreements to take account of the new characteristics of network companies. Some analysts indeed find a restructuring in the levels of collective bargaining derive from the subcontracting processes. Mergers, capital concentration and fragmentation processes in the organisation of production seem to result in the rupture of already existing collective agreements, and at the same time, they generate gaps in labour protection. A sign of this process is the redefinition of activities as a consequence of mergers or subcontracting which can sometimes result in fragmentation of sectoral agreements. In other cases, industrial groups and related companies in a network force a redefinition of new bargaining levels. Likewise, the liberalisation processes in the public sector brings the birth of new and different companies which sometimes leave important groups of workers

outside the coverage of the collective agreement. In a few words, redefinition of functional levels in collective agreements is gradually becoming more complex (CCOO 2002: 20-21).

4.3 Project of reform of collective bargaining.

In the project to reform collective bargaining presented by the Government there is a convergence of social partners on one point: simplification of the structure, distinguishing the national sectoral level and the company level. In fact, this convergence was already stated in the introduction of the Multi-industry Agreement for Collective Bargaining (AINC) from 1997 where it was clear that the aim was to *„contribute to the formation of a new system of collective agreement better than the existing one."* The purpose was to achieve a system of articulated bargaining taking the national sectoral level as the predominant unit of negotiation. Likewise, its aim was to build an articulated model between the national sectoral, the territorial sectoral, and the company levels. However, the final purpose was not to build a single model for all sectors but to establish patterns for those issues which were reserved for the national sectoral agreement (issues which are to be directly applied at lower levels) and other issues requiring negotiation as lower levels (Consejo Económico y Social, 2002).

In this regard, clauses have gradually been introduced into collective agreements which are aimed at promoting articulation between levels and framework agreements. That is to say, a more important 'steering column' has been sought linking the different negotiation units. At present, we may say that evolution of collective bargaining in recent years has followed a dual tendency (see table 7). On the one hand, it has been towards decentralisation by means of company agreements (complementary to collective agreements) which have not been legally registered and, therefore, which do not appear in statistical data. On the other hand, there has been a decentralisation process that can be observed from the signing of new national sectoral agreements and from the reduction in levels of local and regional sectoral agreements.

However, still at present there remains a discrepancy between the social partners about the kind of articulation and the content of the issues to be negotiated in each level which resulted, in 2001, in the failed attempt to reform the structure of collective bargaining. The point of conflict concerns the centralisation or decentralisation of collective bargaining, and it has two different components.

a) On the one hand, employers and government favour decentralisation, the reinforcing the bargaining levels from the lowest, in companies and workplaces, to enable agreements to reflect the concrete economic situation in each company but also to give room to respond to market conditions. Employers' organisations seem to be less interested in coordinating their bargaining activities. The CEOE-CEPYME favours reducing the role of regulation and a centralised decision in favour of more autonomy at lower levels. This is consistent with the *„organisational minimalism"* which, according to Lanzalaco (1995), is a feature of em-

ployers' organisations. The metaphor of *„organisational minimalism"* shows a desire by employers to avoid being restricted by pacts or agreements at higher levels outside the company.

Tab. 7: Collective Bargaining structure and levels
(Source: Available data are for years 1994 and 2000 and they have been published in CES (1995); Memoria sobre la situación socioeconómica y laboral. Madrid: 4; CES (2001). Memoria sobre la situación socioeconómica y laboral. Madrid: 450)

	Number of agreements		Companies		Workers	
	1994	2000	1994	2000	1994	2000
Company agreements	2.309	2.899	2.309	3.049	688.491	902.874
Sectoral provincial	772	932	478.818	678.592	3.006.613	4.115.887
Sectoral local	17	14	754	622	6.741	5.112
Sector inter provincial	25	29	37.663	76.011	481.208	572.958
Sectoral autonomic	-	28	-	75.716	-	571.441
Sectoral inter autonomic	-	1	-	295	-	1.515
Sectoral national	43	71	98.011	219.052	991.117	2.265.983
Total	3.192	3.946	617.623	977.326	5.184.294	7.862.814

b) On the other hand, the trade unions favour centralisation of collective agreements. In fact, they are the ones who strive hardest to coordinate their bargaining activities. But they also have difficulties in coordinating union action at micro and macro levels. Evidence of this is the spread of company and workplace agreements which respond to the concrete situations of particular groups of workers. Many of these agreements are reached without considering, or even against, union policy. This coordination problem of action between the micro and macro levels generates conflict within the union which sometimes results in conflict between workers' committees (representative body for all workers) and trade unions. This is an old problem already described in the literature and called *„parallel unionism"* of workers' committees.

Decentralisation, and the kind of unionism resulting from it, bring three potential risks. The first, of parallel unionism is the difficulty of articulating the workers' interests and higher level social dialogue. The second risk is micro industrial conflict, the extension of industrial conflict and its intermittent and uncontrollable character. And the third risk is that fragmentation among grass roots representatives enables the

development of individualised labour management practices. In fact, these micro-corporatist practices seem to contribute to labour fragmentation.

But they also bring opportunities because the decentralisation of collective bargaining may reinforce the predominant role and participation of workers and their representatives at workplace level. Decentralisation may increase the participation among workers, union delegates and workers' committees in decision processes, and broaden the influence of workers' representatives on some issues and decision processes, and reinforce the ideological identification between representatives and workers, and even to improve legitimization of unions. Decentralisation of collective bargaining may mean sharing some microeconomic responsibility by workers' representatives and workers' committees, and it may even add a good deal of realism and joint responsibility to face the economic situation of the company, which would help companies to adapt to their changing environment.

On the other hand, we have also to consider the large number of very small firms in Spain. In resent years this has increased as a result of production decentralisation and subcontracting. The widespread fragmentation of companies discourages the establishment of local workers' representatives and makes the union presence and intervention difficult. Consequently, the unions consider that extreme decentralisation of collective bargaining would leave a large number of workers outside the coverage of collective agreements, so they demand sectoral agreements, of national or lower levels which can cover workers in these firms.

5. Conclusions

If we take again the thread used as a guideline for this special issue of the journal, we may conclude on four points which have already been examined and considered in this article. They are the impact of legal changes on industrial relations, the socioeconomic effects of collective bargaining, articulation of the bargaining levels as well as the coverage and legitimacy of collective bargaining.

1. The impact of legal changes on industrial relations. The labour reforms of 1994, first, and the subsequent labour reform of 1997 boosted the decentralisation of collective bargaining and also enriched its contents.

As far as structure of collective bargaining is concerned, the 1994 reform facilitated decentralisation by means of the company agreements. The AINC in 1997 helped to rationalise the structure of collective bargaining. We can deduce that legal reforms helped to rationalise the structure of collective bargaining in two ways: on the one hand, they reinforced the tendency towards decentralisation; on the other, they fostered a centralising process which may be seen in the reduction of local and regional bargaining units. If we also consider as a part of the centralising process the formulation of social concertation pacts (Toledo Pacts for the Reform of Pensions, Agreements on Extra-judicial Solution of Industrial Conflict, Agreement on Collective Bargaining 2002 and others), we may say that we are actually witnessing a dual process, in which *centralisation and decentralisation* are two features of the trend in

industrial relations. These two processes do not appear to be contradictory and they may even be complementary.

As far as content of collective bargaining is concerned, reforms have enabled the introduction of new clauses which attempt to respond to the demands of organisational and technological modernisation in companies, as well as to the demands of the partners themselves. Issues such as employment, productivity, internal and geographical mobility, reform of occupational classifications, labour health and clauses on extra-judicial dispute resolution, among others, have been included in the new negotiating agenda. The traditional bargaining issues, such as pay, have also been modified. Pay structure shows a tendency towards dualism and flexibility. The high rate of temporary employment in the 90s contributed to wage dispersion as did the opening of *„wage gaps"*. Wage gaps introduce an element of flexibility into the pay structure by means of a difference between collectively agreed and actual earnings. Nevertheless, some analysts still consider this divergence to be insufficient. In contrast, restructuring of working time has indeed occurred and this important source of flexibility has been more clearly acknowledged by different scholars. In fact, there is a strong relationship between clauses on pay, working time and employment in collective agreements.

2. Socioeconomic effects of collective bargaining. Social concertation played a crucial role in controlling inflationary pressures from 1978 to 1986, with a dramatic reduction from around 30% to 8,8% over the period. Besides the economic function of controlling inflation by means of wage moderation, social concertation had a political function to consolidate Spanish democracy. Likewise, social concertation has been a basic source of consensual procedural rules for the system of industrial relations itself.

In the period 1987-2001, inflationary pressures reduced and this has enabled the control of inflation by means of collective agreements without having to resort to centralised concertation. Possibly, the high percentage of temporary employment contracts, which were introduced in 1994, has also slowed down pay growth which may explain its moderate behaviour for a long period of time.

Probably the Stability Pact, *Pacto de Estabilidad*, deriving from the Maastricht Treaty, has given stability in wage matters. Even in the period of strong employment growth, between 1995 and 2001, wages displayed only a moderate rise. However, with the establishment of the Euro, again concertation has had to be used: the Agreement for Collective Bargaining 2002 seeks to moderate the rise of wages in order to make the introduction of the new currency easier.

3. Changes and relation between negotiation levels. Articulation and coordination of collective bargaining levels is still a problem despite the reforms. The structure of collective bargaining is still fragmented into sectoral, sectoral-provincial, regional, local and company levels. The debate about reform is still open. At present, there is only consensus between social partners over the simplification of collective

bargaining. This is the establishment of two levels: a sectoral national and a company level. There is disagreement as to the attributions and contents assigned to each level.

4. Legitimacy and coverage of collective bargaining. The coverage of collective bargaining is still wide (around 80%) as a result of the *erga omnes* system. Maybe, this clause contributes to the effectiveness of agreements on wage issues thus contributing stability to industrial relations as was argued at the beginning of this paper.

For some analysts (Banco de España, Bentolila and Jimeno 2002) the wide coverage of the collective bargaining has homogenising effects on wage performance which is seen as a source of rigidity and makes employment creation difficult in the low wage sectors and for unskilled manpower. The coverage of collective bargaining and the inflexibility of the pay structure are the causes of structural unemployment, or all the same, unemployment has institutional reasons. This argument, advanced by the public authorities caused them to insist on the need to reform collective bargaining despite the reforms already made in 1994 and 1997.

Both reforms have encouraged a dual process, of centralisation and decentralisation which apparently has contributed to greater legitimacy for collective bargaining. However, the legitimacy may finally be found in the effectiveness of collective bargaining itself. This effectiveness may be the result of enlarging the content of collective agreements by the introduction of the new agenda and particularly of employment as a bargaining issue (notably with the transformation of temporary into permanent employment and under the coverage of the AIEE). But the fundamental problem of legitimacy for collective bargaining and for unions may depend on how they tackle the important problem of labour market dualism. During the 90s, one third of workers had and still had temporary employment contracts with lower wages than workers on open-ended contracts. Temporary employment inhibits the bargaining power of unions and it also slows down union membership growth.

Legitimacy and effectiveness are matters of policy which may not prevent the growth of micro-corporatism, the prevalence of parallel unionism in workers' committees and emergence of new para-unionist groups encouraged by decentralisation of collective bargaining. However, the dual process of decentralisation and centralisation may reinforced the legitimacy of collective bargaining: decentralisation, because it allows collective bargaining to respond to the concrete situations and conditions of individual workplaces; and centralisation, because it timidly allows the introduction of principles of coordination, articulation and rationalisation which might be aligned with the targets of macroeconomic policy.

Tab 8: Main social concertation agreements in recent years

Agreement	Signatories	Aim	Date of signature	Validity	Observations
Acuerdo Nacional sobre Formación Continua (ANFC) *National Agreement on Continuing Training*	CEOE, CEPYME, UGT, CCOO and CIG joins it	Unions and employers' organisations decide to jointly assume and manage professional training	December 1992	1993-1996	Later an agreement is signed with the Government to create the 'Fundación para la Formación Continua' FORCEM *Foundation for continuing training*
Acuerdo Interconfederal en materia de Ordenanzas y Reglamentaciones de Trabajo (AIOR) *Multi-industry agreement in issues of labour ordinances and regulations*	CEOE, CEPYME, UGT and CCOO	Substitution of old regulations for collective agreements	October 1994		
Acuerdo sobre Solución Extrajudicial de Conflictos (ASEC) *Agreement on Extrajudicial Solution of the Industrial Conflict*	CEOE, CEPYME, UGT, CCOO	To institutionalise the solution of abour industrial conflict outside court.	June 1996	1997-2000	Later agreement with the Government to create the 'Servicio Interconfederal de Mediación y Arbitraje' *Multi-industry Service of Mediation and Arbitration*
Acuerdo sobre desarrollo de la Ley de Prevención de Riesgos Laborales *Agreement on the development of the Prevention of Labour Risks Act*	CEOE, UGT, CCOO and Government	To develop the Labour Risks Act	June 1996		

Acuerdo sobre Consolidación y Racionalización del Sistema de Seguridad Social *Agreement on Consolidation and Rationalisation of the Social Security System*	CCOO, UGT and Government	Modification of the public system of pensions	October 1996		
II Acuerdo Nacional sobre Formación Continua (ANFC) *2nd National Agreement on Continuing Training*	CEOE, CEPYME, UGT, CCOO	The same aims as the previous ANFC	December 1996	1997-2000	Later agreement with the Government
Acuerdo Interconfederal para la Estabilidad en el Empleo (AIEE) *Multi-industry – Agreement on Job Stability*	CEOE, CEPYME, UGT, CCOO	Job stability creating a new modality of open-ended contract to promote employment with reduced compensation in case of unjustified dismissal	April 1997	1997-2001	Later agreement with the Government to adapt it to law
Acuerdo Interconfederal sobre Negociación Colectiva (AINC) *Multi-industry Agreement on Collective Bargaining*	CEOE, CEPYME, UGT, CCOO	It attempts to organise and articulate the structure of collective bargaining	April 1997	1997-2001	
Acuerdo Interconfederal de Cobertura de Vacíos (AICV) *Multi-industry Agreement on Coverage of Legal Voids*	CEOE, CEPYME, UGT, CCOO	Regulation of working conditions in sectors not covered by collective bargaining	April 1997	1997-2001	
Acuerdo sobre el Trabajo a Tiempo Parcial *Agreement on Part-time Work*	CCOO, UGT and Government	New regulation of part-time contracts	November 1998		

III Acuerdo Nacional sobre Formación Continua (ANCF) *3rd National Agreement on Continuing Training*	CEOE, CEPYME, UGT, CCOO and CIG	The same aims as the previous ANCF	December 2000	2001-2004	Agreement with the Government to create the 'Fundación Tripartita para la Formación Profesional en el Empleo' *Tripartite Foundation for Professional Training in the employment*
II Acuerdo sobre Solución Extrajudicial de Conflictos (ASEC) *2nd Agreement on Extra-judicial Solution of the Industrial Conflict*	CEOE, CEPYME, UGT, CCOO	The same aims as the previous ASEC	January 2001	2001-2004	Later agreement with the Government to running of 'Servicio Interconfederal de Mediación y Arbitraje' *Multi-industry Service of Mediation and Arbitration*
Acuerdo para la Mejora y Desarrollo del Sistema de Seguridad Social *Agreement on the Improvement and Development of the Social Security System*	CEOE, CEPYME, CCOO and Government	On the system of pensions and social protection and its financing.	April 2001	2001-2004	

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